

Tax benefits in the healthcare sector



Did you know?

If you bought, built, extended, fit-out or refurbished a property in the healthcare sector, you will likely be entitled to claim wear and tear allowances.

This includes expenditure in any of the following:

- Nursing home
- Primary care centre
- Hospital
- Healthcare centre
- Medical centre
- Residential care centre

You may be entitled to a tax / cash benefit of **12.5%, 25% or 55%** of the total qualifying expenditure.

Wear and tear allowances are akin to a tax deductible expense and are available in respect of qualifying capital expenditure incurred on the provision of plant and machinery.

Benefits of claiming

- Claim an immediate tax / cash benefit
- Reduce or completely shelter a tax liability
- Improve cash flow / keep cash in your business
- Possible cash refund / repayment of taxes

Key facts

- While the accelerated capital allowances schemes that were previously available in respect of registered nursing homes and certain private hospitals etc. have been abolished, wear and tear allowances have not been affected.
- No restriction on high earners claiming wear and tear allowances. Wear and tear allowances are not a "specified relief".
- Wear and tear allowances claims are often understated. This results in valuable tax / cash savings being left behind. We can help rectify this.
- Depending on the facts and circumstances, to the extent you under-claimed or did not claim at all, you may be able to go back four years to amend your tax return to include allowances that you should have claimed. In some cases you may even be entitled to a repayment of tax.
- KPMG is the only Big 4 firm in Ireland to have a dedicated specialist capital allowances team – with over 15 years' experience.
- Our team consists of full-time chartered quantity surveyors and tax professionals, who work solely on preparing maximised and compliant wear and tear allowances claims.
- Our team have prepared a significant number of claims in respect of capital expenditure incurred in the healthcare sector.

Potential tax / cash savings

Due to the volume of claims we've worked on, our clients can be confident that our experience allows us to identify fully maximised and compliant wear and tear allowances claims. We set out below examples of potential claims (based on estimates):

Overview			Potential Savings			
Property type	Description of works	Expenditure incurred €	Qualifying wear and tear allowances €	Income tax / cash savings (55% rate) €	Investment company tax / cash savings (25% rate) €	Corporate tax / cash savings (12.5% rate) €
Primary care centre	Construction of new	5m	1.5m	825k	375k	190k
Nursing home	Construction of new	9.5m	1.9m	1m	475k	240k
Health facility	Change of use – offices to medical centre	3.5m	875k	480k	220k	110k
Nursing home	Extension and fit-out	2.4m	960k	530k	240k	120k
Health centre	Refurbishment	950k	475k	260k	120k	60k

How can our team help you?

- We will confirm that an entitlement to claim exists. This may involve a review of the purchase contract, development agreement, or lease agreement, and supporting documentation, as necessary.
- We will liaise with the project design team, estate agents, or finance team to obtain the necessary cost information and finance information required.
- Where there is no cost information available, our in-house quantity surveyors can prepare an estimate of the likely apportionment of expenditure incurred.
- We will carry out a detailed analysis of the total capital expenditure incurred to identify the maximum amount of qualifying expenditure.
- We will prepare a detailed, standalone report to support the claim.

Our claims are prepared in line with Revenue practice, precedents and the principles established from case law. Our work is revenue audit ready.

We often work with clients, where we are not the lead tax advisor and we would be delighted to work with and assist your current advisor with respect to this specialist area of the tax computation.

Contact us

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   [kpmg.ie/capitalallowances](https://www.kpmg.ie/capitalallowances)

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Produced by: KPMG's Creative Services. Publication Date: March 2015. (620)